



ENERGY SITUATION ANALYSIS REPORT

November 13, 2001



Energy Information Administration
U.S. Department of Energy
Washington, DC 20585
(202) 586-8800

Petroleum

Natural Gas

Coal

Electricity

Latest Energy Market Developments

Oil prices continue to hover around two-year lows, nearly 30% lower than on September 10. On Monday, November 12, the Organization of Petroleum Exporting Countries (OPEC) "basket price" fell to \$19.53 per barrel, remaining below the cartel's price band for the 35th straight day. OPEC is scheduled to meet and discuss production quotas tomorrow, November 14, in Vienna, Austria. For more than a month, OPEC has been attempting to balance its concerns over low world oil demand and price weakness on the one hand, and world economic weakness on the other. This morning, Saudi Oil Minister Ali al-Naimi said, "I have said that we need something around two million (barrels in cuts) and that OPEC will probably contribute a million and a half and that we are looking for around 500,000 from non-OPEC." Faced with declining market share, OPEC has been seeking to enlist the assistance of non-OPEC oil exporters like Russia and Norway, with little apparent success to date. Norway reiterated this past Thursday (November 8) that it had no plans to curb its oil output. Another major non-OPEC oil exporter, Russia, announced yesterday that it would cut only 30,000 barrels per day, reportedly far less than OPEC had expected. In response to this announcement, as well as to the crash of American Airlines Flight 587 in New York City (which it is feared could further reduce air travel and jet fuel demand), oil prices fell by nearly \$1 per barrel yesterday. Meanwhile, in another bearish development, the International Energy Agency (IEA) monthly oil market report yesterday reported that commercial stocks in OECD countries grew by 1.18 million barrels per day in September, and are now near the top of their 5-year range. The IEA also reported global oil demand down 750,000 barrels per day year-on-year in the third quarter.

U.S. petroleum product (e.g., motor gasoline, jet fuel, heating oil) prices are significantly below levels at the same time last year, while demand for some products is stronger than anticipated. (Note: late this afternoon, EIA will release its latest weekly survey for retail gasoline and diesel prices at: <http://tonto.eia.doe.gov/oog/info/gdu/gasdiesel.asp>.) Natural gas prices for the fourth quarter of 2001 are predicted to remain low compared to last year's levels. This forecast reflects an upward revision from EIA's earlier projection on wellhead prices for the winter months (November through March). Mild weather and level natural gas prices have contributed to stable electricity prices over the past few days.

Since September 11, security at U.S. nuclear power plants and other critical energy infrastructure has been increased substantially. In another energy security-related development, President Bush this morning ordered that the U.S. Strategic Petroleum Reserve (SPR) be filled to its current physical capacity of 700 million barrels, from about 545 million barrels at present. Oil shipments into the SPR are expected to begin in April 2002 and to be completed by 2005.

World Oil Market Highlights

International Oil Supply and Demand

World oil demand has fallen since September 11, in part due to lower jet fuel demand. Increased jet fuel requirements as a result of military action against targets in [Afghanistan](#) are not expected to offset the decline in commercial jet fuel demand. World oil demand growth of 400,000 barrels per day now is expected in 2001, less than half of early September's growth projections.

To date, no oil supply shortages have materialized in connection with terrorist attacks or ongoing military operations. Decreased world oil demand as a result of reduced economic growth, combined with OPEC overproduction, have resulted in building inventories and, in general, reduced tightness in world oil markets.

World Excess Oil Production Capacity

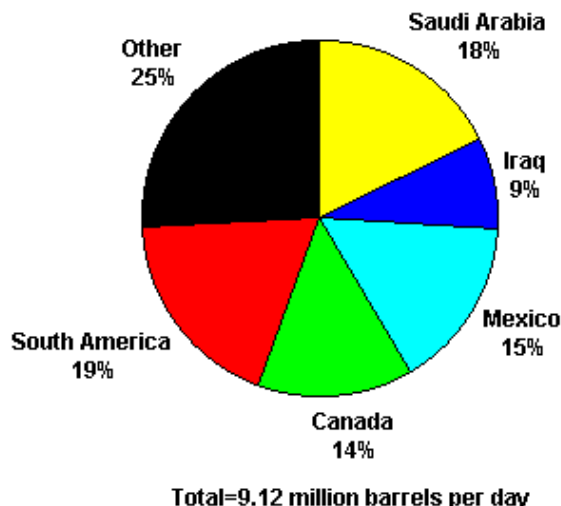
The world holds over 5 million barrels per day of excess oil production capacity, about 90% of which lies in OPEC countries. Around two-fifths of the world total is in [Saudi Arabia](#) alone.

U.S. and other OECD Oil Import Sources

During the first eight months (January-August) of 2001, the United States imported around 9.2 million barrels per day of crude oil. Of this, 47% came from within North and South America (15% from Venezuela, 14% from Canada, 14% from Mexico, 3% from Colombia), while 28% came

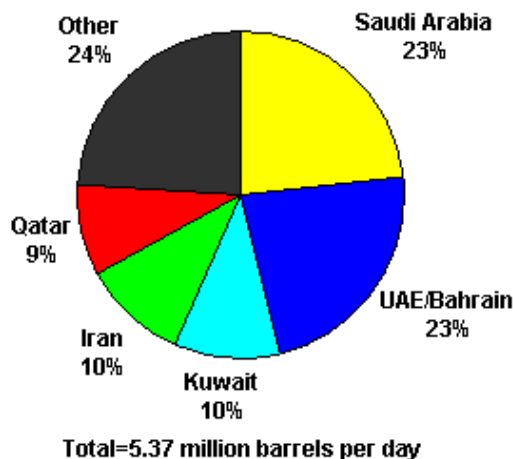
from the Persian Gulf region (19% from Saudi Arabia, 7% from Iraq, 3% from Kuwait), and the remainder mainly from three other countries -- Nigeria (9%), Norway (3%) and the United Kingdom (2%). All in all, 89% of U.S. crude oil imports during January-August 2001 came from the 10 countries cited above.

U.S. Crude Oil Imports by Country, 2001

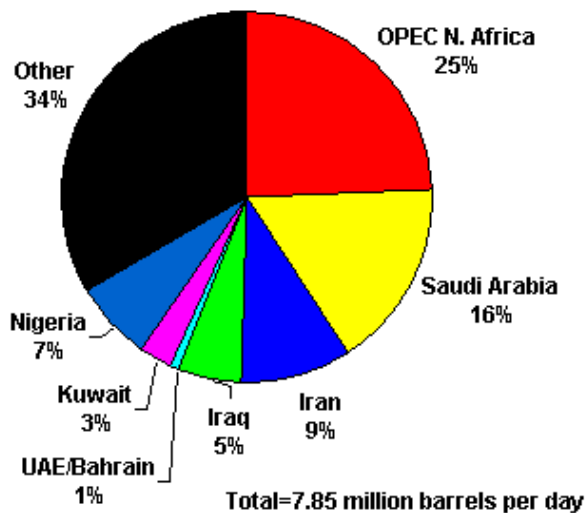


In general, OECD Europe depends far more heavily on the Persian Gulf and North Africa for its oil imports than does the United States. During the first six months of 2001, approximately 40% of OECD Europe's net oil imports came from the Persian Gulf (mainly Saudi Arabia, Iran, Iraq, and Kuwait), 35% from Africa (mainly Libya, Algeria, and Nigeria), and much of the remainder from Russia. Japan receives around 80% of its oil supplies from the Persian Gulf (mainly the UAE, Saudi Arabia, Kuwait, Iran, and Qatar) with the remainder coming from Indonesia, China, and other sources.

Japanese Net Oil Imports by Country, 2001



OECD European Net Oil Imports by Country, 2001



Latest U.S. Weekly Petroleum Information

U.S. Oil Markets

The average world crude oil price on November 2, 2001 was \$18.62 per barrel, down \$0.62 from the previous week and \$11.24 per barrel less than last year at the same time. West Texas Intermediate (WTI) fell to \$20.24 per barrel, down \$1.83 from the previous week and \$12.38 per barrel less than last year at the same time. The spot price for conventional gasoline in the New York Harbor was 52.28 cents per gallon, down 5.02 cents from the previous week and 43.62 cents per gallon lower year on year. The spot price for heating oil in the New York Harbor on November 2, 2001 was

57.00 cents per gallon, falling 5.15 cents from a week ago and down 36.15 cents per gallon from a year ago.

Falling to the lowest level since July 19, 1999, the national average retail regular gasoline price was 118.2 cents per gallon on November 12, 2001, down 2.4 cents per gallon from last week and 34.1 cents per gallon lower than a year ago. The national average retail diesel fuel price fell for the eighth consecutive week to 126.9 cents per gallon on November 12, 2001, lower by 2.2 cents per gallon from last week and 33.4 cents per gallon less than a year ago.

Although U.S. crude oil refinery inputs fell for the week ending November 2, the moving 4-week average was 1.1% above last year's comparable 4-week average. Crude oil inputs along the East Coast (PADD I) increased again for the week ending November 2, reaching the highest level since the week ending June 8. U.S. jet fuel refinery production reached 1.5 million barrels per day for the first time since the week ending September 14, with the most recent 4-week average at 91% of the 4-week average ending September 7, the week just prior to the September 11 attacks. Motor gasoline refinery production was higher for the week ending November 2 compared to the previous week, while distillate fuel production was lower.

Motor gasoline demand (defined as how much was supplied into the gasoline market) remained strong, with the 4-week moving average at 8.7 million barrels per day for the week ending November 2, or 3.6% above the same period last year. On a week-to-week basis, jet fuel demand continues to increase, averaging over 1.6 million barrels per day over the most recent 4-week period, but still averages 8% below the comparable period last year. Distillate fuel oil demand averaged over 3.8 million barrels per day over the same period, a 3.6% increase from last year's level.

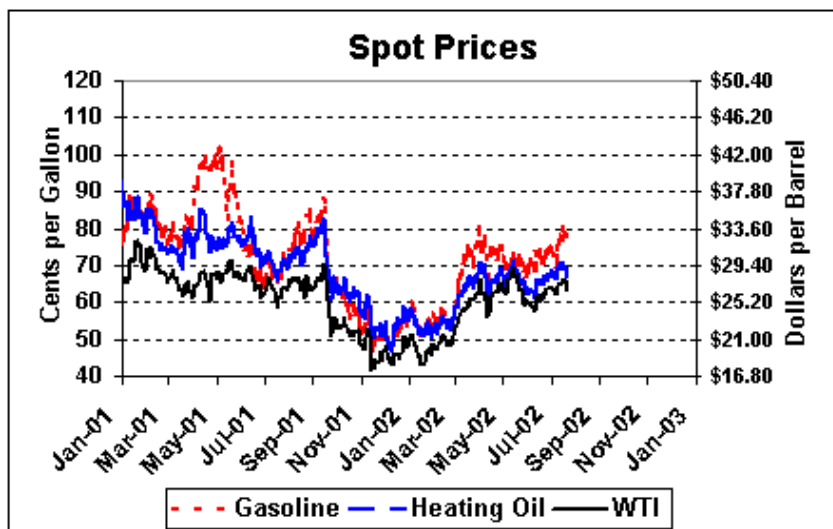
U.S. Oil Imports

U.S. crude oil imports last week averaged 9.4 million barrels per day, a slight decrease from the previous week, with the moving 4-week average also down slightly. Crude oil imports into the Gulf Coast (PADD III) increased to 6.4 million barrels per day, the second time in the last 7 weeks that imports into the Gulf Coast exceeded 6 million barrels per day. This increase nearly offset declines in crude oil imports into all other regions of the country. Total product imports increased to 2.4 million barrels per day, with distillate fuel and motor gasoline imports remaining at relatively high levels.

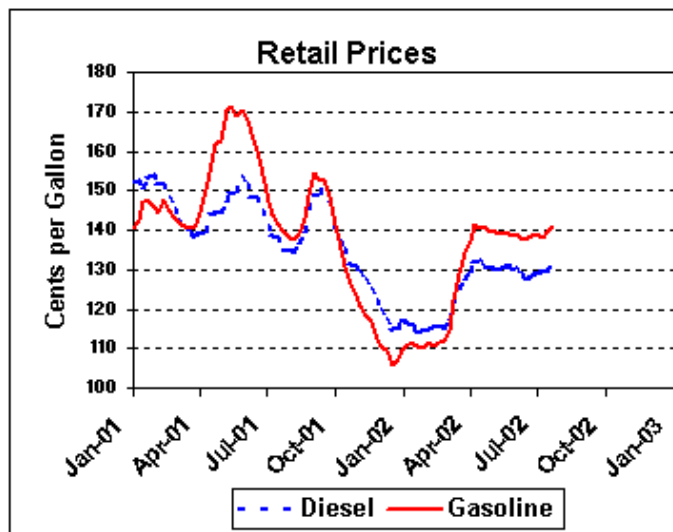
U.S. Oil Inventories

With crude oil refinery inputs declining and imports relatively flat, U.S. crude oil inventories increased by 3.6 million barrels, reaching 311.9 million barrels, the highest level since the week ending July 27. Motor gasoline inventories decreased by 1.4 million barrels, the second such weekly decline after 5 consecutive weeks of increases. Distillate fuel oil stocks increased by 0.3 million barrels last week, with an increase in high-sulfur distillate fuel inventories more than offsetting a decline in low-sulfur inventories.

U.S. Petroleum Prices



Source: Closing quote as reported by Reuters News Service



Source: Energy Information Administration (EIA)

Crude Oil and Oil Products Price Table

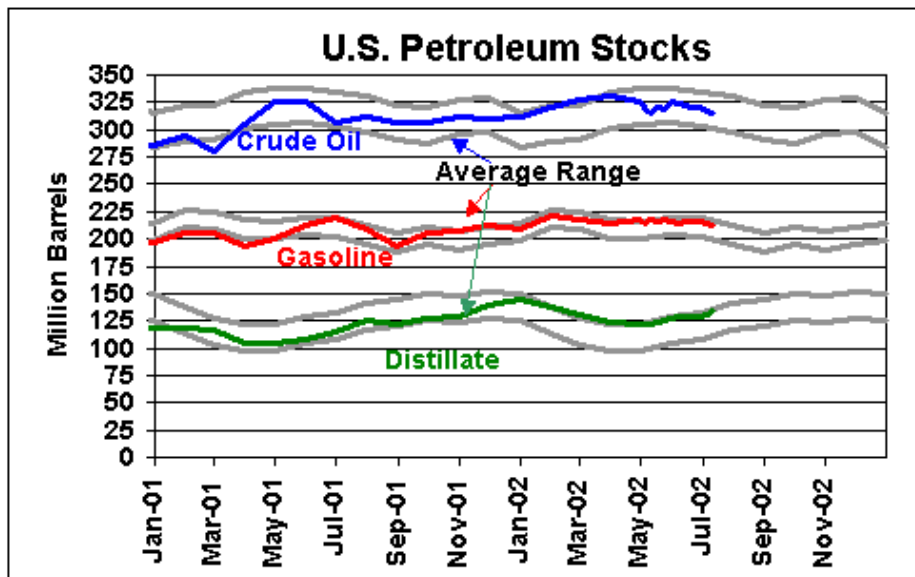
Date	WTI Crude Oil		Gasoline		Heating Oil		Kerojet	Propane		EIA Weekly Retail	
	Spot	Futures	Spot	Futures	Spot	Futures	Spot	Spot	Spot	US Average	
	Cushing		NYH		NYH		NYH	Mt. Belvieu	Conway	Gasoline	Diesel
	\$/bbl	\$/bbl	cents per gallon		cents per gallon		¢/gal	cents per gallon		cents per gallon	
6/4/2002	\$25.32	\$25.33	70.50	75.34	63.25	64.28	66.15	38.01	35.00	137.5	128.6
6/5/2002	\$25.02	\$24.89	71.57	75.13	63.03	63.60	65.58	37.26	34.32		
6/6/2002	\$24.89	\$24.79	71.40	75.70	62.70	63.48	65.43	36.94	34.32		
6/7/2002	\$24.72	\$24.75	70.82	75.09	62.65	63.17	65.38	37.07	34.25		
6/10/2002	\$24.24	\$24.29	68.78	73.79	61.65	62.33	64.15	36.38	33.57		
6/11/2002	\$24.21	\$24.12	68.36	73.29	61.70	61.86	65.07	34.76	33.25	137.8	127.5
6/12/2002	\$24.79	\$24.64	69.20	75.10	62.93	63.07	66.33	36.75	33.63		
6/13/2002	\$25.54	\$25.64	72.43	77.85	65.40	66.03	68.80	37.82	35.19		
6/14/2002	\$25.90	\$25.94	73.65	78.70	65.80	66.40	69.63	37.82	35.19		
6/17/2002	\$25.98	\$26.09	73.90	79.10	66.05	66.49	69.77	38.50	36.50		
6/18/2002	\$25.36	\$25.43	73.15	77.66	65.18	65.49	68.50	37.57	36.50	138.4	128.1
6/19/2002	\$25.57	\$25.31	72.05	76.84	65.03	65.24	68.23	37.75	36.13		
6/20/2002	\$25.62	\$25.53	71.60	76.96	65.75	66.03	69.48	37.44	35.63		
6/21/2002	\$25.51	\$25.82	70.30	75.57	64.80	64.89	68.53	37.38	35.94		
6/24/2002	\$26.31	\$26.47	73.50	77.77	66.75	66.64	70.80	37.88	36.00		
6/25/2002	\$26.06	\$26.32	72.13	77.32	65.68	65.89	69.28	38.25	36.13	139.2	128.9
6/26/2002	\$26.67	\$26.76	73.57	78.51	66.33	66.63	70.82	38.00	35.50		
6/27/2002	\$26.77	\$26.86	74.04	79.37	67.00	67.29	70.38	37.88	35.63		
6/28/2002	\$26.79	\$26.86	73.82	79.38	67.50	67.96	70.88	37.63	35.50		
7/1/2002	\$26.79	\$26.81	74.82	79.19	67.60	68.02	70.93	37.38	35.76		
7/2/2002	\$26.83	\$26.77	74.07	78.98	67.98	68.71	71.28	37.13	35.75	138.2	129.4
7/3/2002	\$26.82	\$26.80	73.63	78.60	68.38	68.77	71.82	37.01	35.19		
7/4/2002	NA	NA	NA	NA	NA	NA	NA	NA	NA		
7/5/2002	NA	NA	NA	NA	NA	NA	NA	NA	NA		
7/8/2002	\$26.14	\$26.07	69.60	76.14	66.15	66.80	69.65	36.19	34.38		
7/9/2002	\$26.16	\$26.09	71.63	76.96	66.40	67.05	69.50	36.25	34.44	139.4	130.0
7/10/2002	\$26.73	\$26.77	74.30	78.99	67.70	68.67	70.70	36.94	34.88		
7/11/2002	\$27.01	\$26.83	75.53	79.83	68.90	69.01	71.85	36.50	34.63		
7/12/2002	\$27.48	\$27.48	78.20	82.44	69.72	70.54	72.92	37.19	35.07		
7/15/2002	\$27.23	\$27.07	76.68	80.85	69.20	69.55	72.25	37.07	34.88		
7/16/2002	\$27.68	\$27.75	79.95	84.53	69.99	71.09	73.04	37.19	34.88	141.0	131.1
7/17/2002	\$27.88	\$27.88	80.43	84.84	70.08	70.98	73.13	36.75	34.88		
7/18/2002	\$27.50	\$27.57	78.25	83.35	69.43	70.18	72.81	37.44	34.88		
7/19/2002	\$27.83	\$27.83	78.85	83.86	69.45	70.14	73.10	37.13	35.25		
7/22/2002	\$26.61	\$26.60	76.13	81.14	66.60	67.11	70.38	37.13	35.13		

Source: Spot and futures closing quotes as reported by Reuters News Service, retail prices reported by EIA

Energy Situation Analysis Report

U.S. Petroleum Supply

(Thousand Barrels per Day)	Four Weeks Ending		vs. Year Ago	
	7/12/2002	7/12/2001	Diff.	% Diff.
Refinery Activity				
Crude Oil Input	15,470	15,540	-70	-0.5%
Operable Capacity	16,800	16,641	159	1.0%
Operable Capacity Utilization (%)	93.3%	94.9%	-1.6%	
Production				
Motor Gasoline	8,520	8,576	-56	-0.6%
Jet Fuel	1,528	1,635	-107	-6.6%
Distillate Fuel Oil	3,713	3,755	-42	-1.1%
Imports				
Crude Oil (incl. SPR)	9,050	9,281	-231	-2.5%
Motor Gasoline	862	796	66	8.3%
Jet Fuel	93	148	-55	-37.3%
Distillate Fuel Oil	227	265	-38	-14.5%
Total	11,323	11,743	-420	-3.6%
Exports				
Crude Oil	30	13	17	123.4%
Products	940	924	16	1.7%
Total	970	938	32	3.4%
Products Supplied				
Motor Gasoline	8,978	8,821	157	1.8%
Jet Fuel	1,626	1,756	-130	-7.4%
Distillate Fuel Oil	3,642	3,624	18	0.5%
Total	19,686	19,702	-16	-0.1%
Stocks (Million Barrels)				
	7/12/2002	7/12/2001	vs. Year Ago	
			Diff.	% Diff.
Crude Oil (excl. SPR)	315.0	309.9	5.1	1.6%
Motor Gasoline	213.2	216.4	-3.2	-1.5%
Jet Fuel	40.3	42.8	-2.5	-5.8%
Distillate Fuel Oil	133.5	117.9	15.6	13.2%
Total (excl. SPR)	1,032.6	1,021.5	11.1	1.1%



Source: Energy Information Administration, Weekly Petroleum Status Report, Petroleum Supply Monthly.

Latest U.S. Weekly Natural Gas Information

Industry/Market Developments

Lower gas prices expected this winter will benefit end-use customers. Expenditures by residential customers are expected to decline by 32% from last winter, primarily because of a 26% decline in the average wellhead price. The reduced expenditures reflect the combined effect of lower prices and lower weather-related consumption. Assuming normal temperatures, this winter would be 8% warmer than last year (as measured by heating degree days), reducing the need for gas for space heating purposes.

All Volumes in Bcf	Current Stocks (Fri,11/9)	Estimated 6-Year (1995-2000) Average	Percent Difference from 6 Year Average	Net Change from Last Week	One-Week Prior Stocks (Fri,11/2)
East Region	1,847	1,786	3.4%	-3	1,850
West Region	394	359	9.8%	1	393
Producing Region	870	738	17.9%	9	861
Total Lower 48	3,111	2,883	7.9%	7	3,104

Note: Net change data are estimates published by AGA on Wednesday of each week. All stock-level figures are EIA estimates based on EIA monthly survey data and weekly AGA net-change estimates. Column sums may differ from Totals because of independent rounding.

Natural Gas Storage

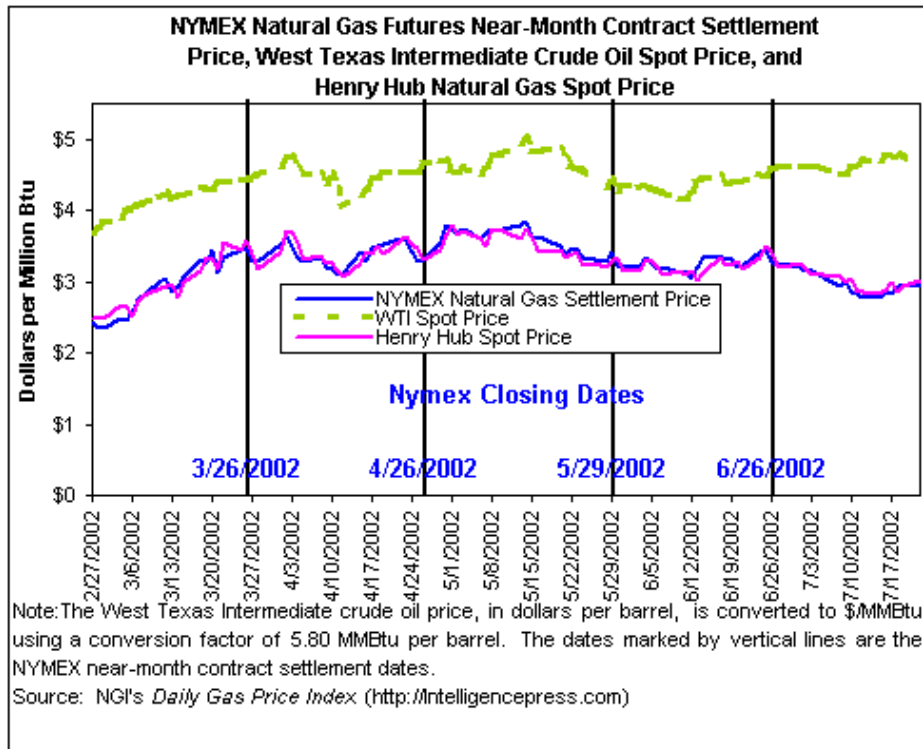
According to the American Gas Association (AGA), net additions during the week ended Friday, November 2, were estimated to have been 10 Bcf for a daily average of 1.4 Bcf. This brings total stocks at the end of the refill season on October 31 to an estimated 3,104 Bcf. The current end-of-October level is only 3% below the previous 6-year high of 3,191 Bcf and is 15%, or 405 Bcf, greater than EIA's total of 2,699 Bcf at the start of last year's heating season.

All Volumes in Bcf	Current Stocks 7/12/2002	Estimated Prior 5-year (1997-2001) Average	Percent Difference from 5-Year Average	Implied Net Change from Last Week	One- Week Prior Stocks 7/5/2002
East Region	1,296	1,169	10.9%	53	1,243
West Region	338	284	19.0%	9	329
Producing Region	788	603	30.7%	7	781
Total Lower 48	2,422	2,056	17.8%	69	2,353

Source: Energy Information Administration: Form EIA-912, "Weekly Underground Natural Gas Storage Report," and the Historical Weekly Storage Estimates Database.

Prices

For the week ended Friday, November 9, 2001, both spot and futures prices continued the generally downward trend initiated in the preceding week. The declines accelerated on Monday, November 12, as prices dropped sharply to begin the week. By Monday, spot prices at the Henry Hub had declined for ten days straight. At \$2.46 per MMBtu, Monday's Henry Hub spot price had fallen \$0.75 over those ten days. On the futures market, prices underwent a major downward shift on Monday, November 5, as National Weather Service forecasts for both 6-10 and 8-14 day outlooks for above-average temperatures for most of the nation, signaled the postponement of the start of the expected colder-than-normal winter. The December contract ended the week on Friday, November 9 at \$2.922 per MMBtu, its first settlement under \$3 per MMBtu since becoming the near-month contract on October 30. Futures prices fell still further on Monday, as the December contract settled down \$0.192 at \$2.733 per MMBtu.



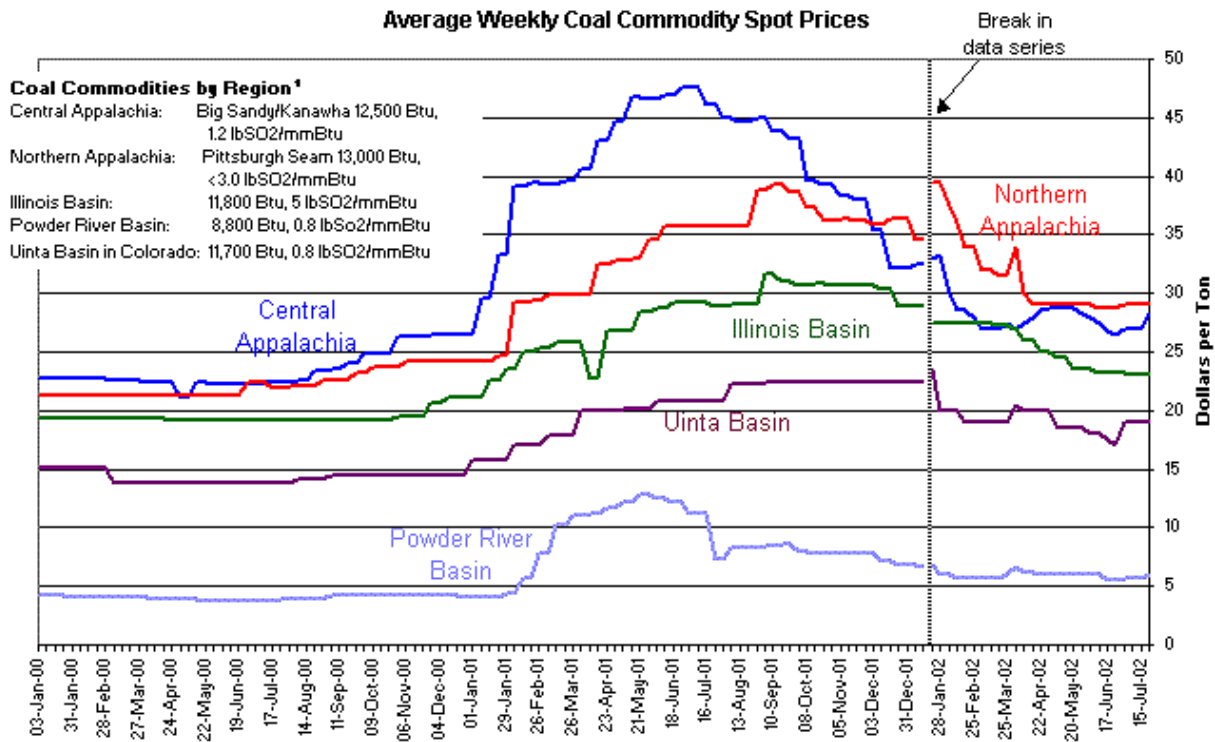
<i>Trade Date (All prices in \$ per MMBtu)</i>	California Composite Average Price*	Henry Hub	New York City	Chicago	NYMEX futures contract-August delivery	NYMEX futures contract-September delivery
6/21/2002	2.72	3.17	3.51	3.17	3.294	3.324
6/24/2002	2.99	3.33	3.80	3.34	3.480	3.501
6/25/2002	2.99	3.49	4.15	3.53	3.495	3.515
6/26/2002	2.85	3.42	4.01	3.42	3.353	3.373
6/27/2002	2.56	3.23	3.61	3.21	3.236	3.266
6/28/2002	2.58	3.20	3.69	3.20	3.245	3.273
7/1/2002	2.66	3.27	3.95	3.27	3.192	3.220
7/2/2002	2.37	3.17	4.16	3.18	3.145	3.177
7/3/2002	2.13	3.10	3.64	3.07	3.142	3.174
7/8/2002	2.71	3.06	3.73	3.00	2.939	2.982
7/9/2002	2.85	2.98	3.35	2.90	2.991	3.029
7/10/2002	2.88	3.04	3.31	2.98	2.864	2.902
7/11/2002	2.62	2.85	3.10	2.79	2.830	2.869
7/12/2002	2.47	2.86	3.11	2.78	2.787	2.830
7/15/2002	2.57	2.82	3.18	2.78	2.784	2.825
7/16/2002	2.69	2.89	3.59	2.88	2.863	2.892
7/17/2002	2.76	2.98	3.86	2.97	2.841	2.862
7/18/2002	2.71	2.86	3.26	2.80	2.943	2.950
7/19/2002	2.74	2.95	3.26	2.88	2.933	2.944
7/22/2002	2.86	3.01	3.68	2.97	2.947	2.965

* Average of NGI's reported average prices for: Malin, PG&E citygate, and Southern California Border Average.

Source: NGI's Daily Gas Price Index (<http://intelligencepress.com>)

Latest U.S. Coal Information

For the week ending November 3, EIA estimates U.S. [coal production](#) at 22.7 million short tons, about 4% higher than in the previous week. Coal production in October 2001 totaled 98.8 million short tons, about 6% higher than in October 2000. Production for all of 2001 is running about 4.9% above last year's production. Despite availability problems this year for Appalachian coal, and significant increases in short-term prices, for the month of October EIA's average of reported spot market coal prices in Appalachia receded to \$38.49 per short ton (f.o.b. rail or barge). This is down more than 11% from EIA's average of reported Appalachian spot prices in June 2001, of \$43.47 per short ton. At the same time, average reported Western spot coal prices declined to \$12.67 in October, down 21% from the June 2001 average of \$15.98 per short ton. [NYMEX](#) look-alike central Appalachian coal trading and over-the counter Powder River Basin coal trading resumed a moderate pace during the week ended November 2. Bid prices softened to around \$33 per short ton, reflecting a combination of a mild winter so far, healthy coal stocks at power plants, and a new level of interplay of coal prices with (declining) oil and natural gas prices.



In the long term, EIA expects domestic coal supplies to be more than adequate for projected consumption. Most coal is still sold under multi-year contracts, and average prices for all coal supply contracts, incorporating spot and long-term, are projected to stabilize at well below current spot prices. EIA's projections of average coal prices decline slightly in inflation-adjusted dollars because nominal prices rise more slowly than the rate of inflation between 2001 and 2020. Customers choose coal because of its abundance and dependable availability, its relatively high Btu content, its [low prices relative to other fossil fuels](#), and, compared with natural gas, much less price volatility.

Latest U.S. Electricity Information

Wholesale electricity prices have been relatively stable over the past week, ranging from an average of \$29.52 per megawatthour on November 6 to an average of \$30.46 per meagwatthour on November 12, 2001. The average price for the past seven days was \$28.80 per megawatthour. Mild weather across the United States continues to help stabilize electricity demand and electricity prices.

U.S. Regional Electricity Prices at Major Trading Centers (Dollars per megawatthour)

Trading Centers	Date							Price Range		
	7/12/02	7/15/02	7/16/02	7/17/02	7/18/02	7/19/02	7/22/02	Max	Min	Average
COB	22.83	15.33	13.63	26.75	17.75	22.50	21.70	26.75	13.63	20.07
Palo Verde	46.95	37.14	35.81	39.55	34.99	43.57	37.72	46.95	34.99	39.39
Mid-Columbia	8.93	5.90	5.31	5.25	5.94	14.49	17.75	17.75	5.25	9.08
Mead/Marketplace	53.40	42.05	39.46	45.46	41.32	48.86	40.50	53.40	39.46	44.44
4 Corners	46.50	37.14	37.25	42.63	37.47	43.00	40.42	46.50	37.14	40.63
NP 15	36.00	30.25	28.13	33.42	29.43	33.23	31.35	36.00	28.13	31.69
SP 15	38.87	32.52	32.42	36.97	33.31	40.21	36.00	40.21	32.42	35.76
PJM West	45.60	47.23	57.72	57.79	43.25	49.60	61.33	61.33	43.25	51.79
NEPOOL	43.65	42.25	46.64	45.50	34.45	45.67	52.60	52.60	34.45	44.39
New York Zone J	70.50	65.33	78.50	82.70	60.00	73.38	80.00	82.70	60.00	72.92
Cinergy	35.40	38.18	40.25	34.41	30.38	41.89	38.48	41.89	30.38	37.00
Average Price	40.78	35.76	37.74	40.95	33.48	41.49	41.62	41.62	33.48	38.83

Sources: COB, Palo Verde, Mid-Columbia, Mead/Market Place, Four Corners, NP-15, SP-15, PJM-West, NEPOOL, New York Zone J, and Cinergy trading centers. Used with permission from Bloomberg L.P. (www.bloomberg.com).

Notes:

n.q. - No quotes available for the day.

COB: Average price of electricity traded at the California-Oregon and Nevada-Oregon Borders.
Palo Verde: Average price of electricity traded at Palo Verde and the West Wing, Arizona.
Mid-Columbia: Average price of electricity traded at Mid-Columbia.
Mead/Market Place: Average price of electricity traded at Mead Market Place, McCullough and Eldorado.
Four Corners: Average price of electricity traded at Four Corners, Shiprock, and San Juan, New Mexico.
NP-15: Average price of electricity traded at NP-15.
SP-15: Average price of electricity traded at SP-15.
PJM-West: Average price of electricity traded at PJM Western hub.
NEPOOL Average price of electricity traded at Nepool.
New York Zone J: Average price of electricity traded at the New York Zone J - New York City.
Cinergy: Average price of electricity traded into the Cinergy control area.

Special Topic -- Strategic Petroleum Reserve

The [U.S. Strategic Petroleum Reserve](#) (SPR) contains 544.7 million barrels of oil, equal to 51 days of oil imports. The SPR has a maximum drawdown capability of 4.18 million barrels per day for 90 days, with oil beginning to arrive in the marketplace 15 days after a presidential decision to initiate a drawdown.

